

## Message Text

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PAGE 01 BAGHDA 00762 051201Z

43

ACTION NEA-10

INFO OCT-01 EUR-08 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01

CIAE-00 DODE-00 INR-05 NSAE-00 PA-01 USIA-06 PRS-01

EB-04 AID-05 IGA-01 /068 W

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R 041315Z NOV 74

FM USINT BAGHDAD

TO SECSTATE WASHDC 1368

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

USMISSION EC BRUSSELS

C O N F I D E N T I A L BAGHDAD 0762

E.O. 11652: GDS

TAGS: PFOR, FR, IZ

SUBJECT: FRANCO-IRAQI RELATIONS

REF: PARIS 24511; BAGHDAD 098

1. SUMMARY: FRENCH EFFORTS IN IRAQ HAVING CONSIDERABLE SUCCESS. VISIT BY PM CHIRAC EXPECTED IN DECEMBER. DESPITE FAVORABLE POSITION, FRENCH COMPANIES FACE SAME PROBLEM AS OTHERS. END SUMMARY.

2. STATEMENT IN PARIS REFTEL THAT FRANCE DETERMINED TO IMPROVE BILATERAL RELATIONS WITH OIL PRODUCERS BORNE OUT BY RECENT INITIATIVES TOWARD IRAQ. CURRENT SIGN IS NOV 1-5 VISIT OF FRENCH MINISTER OF AGRICULTURE  
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PAGE 02 BAGHDA 00762 051201Z

BONNET. BONNET VISIT IS TO MAKE UP FOR ABORTED VISIT

LAST APRIL OF THEN MIN AGR CHIRAC. PRIME MINISTER CHIRAC NOW EXPECTED TO MAKE OFFICIAL VISIT IN DECEMBER IN PLACE OF PROMISED MESSMER VISIT LAST SEPTEMBER.

3. BONNET IS HOLDING DISCUSSIONS WITH GOI COUNTERPART ON POSSIBILITY OF FRENCH COMPANIES ASSISTING IN NUMBER OF PROJECTS INCLUDING AGRO-INDUSTRIAL COMPLEX AND LAND RECLAMATION. AS REPORTED IN BAGHDAD REFTEL, FRENCH STRATEGY IN IRAQ BASED PARTIALLY ON BELIEF THAT IRAQ WILL BE RECEPTIVE TO FRENCH OIL REQUIREMENTS IN DIRECT PROPORTION TO EXTENT TO WHICH GOF CAN ASSIST IRAQ IN DEVELOPING AILING AGRICULTURAL SECTOR.

4. IN ADDITION, FRANCE MAKING MAJOR EFFORT TO ASSIST IN IRAQ'S INDUSTRIALIZATION. MOST SPECTACULAR PROJECT IS 400-500 MILLION DOLLAR IRON SPONGE FACTORY AND STEEL PLANT AT ZUBAIR WHICH ARE TO BE CONSTRUCTED BY CREUSOT-LOIRE. FRENCH COMPANIES HAVE SIGNED NUMEROUS SIMILAR CONTRACTS FOR CEMENT PLANT, PREFABRICATED HOUSING FACTORIES, HOTELS, AND BAGHDAD RAILWAY YARDS. FRENCH FIRMS ARE AMONG FRONT RUNNERS FOR 500 MILLION DOLLAR KIRKUK IRRIGATION SCHEME AND 100 MILLION DOLLAR NEW BAGHDAD AIRPORT (AEROPORT DE PARIS).

5. AGGRESSIVE FRENCH POLICY AND FAVORABLE POLITICAL STANCE DO NOT APPEAR, HOWEVER, TO GUARANTEE FRENCH ANY SPECIAL COMMERCIAL CONSIDERATIONS. CFP REP BAREILLES TOLD ME RECENTLY THAT NEGOTIATIONS ON OIL PRICES EACH QUARTER NEGOTIATIONS FOR FOURTH QUARTER PRICE UNDER BILATERAL DEAL OF JANUARY 1973, GOI WAS NOW INSISTING THAT CFP "RIGHT" TO LIFT WHAT WOULD HAVE BEEN ITS SHARE OF NATIONALIZED IPC OIL (23.75 PERCENT) IS "DUTY" DESPITE FACT THAT DEFINITION OF "RIGHT" CLEARLY DEFINED IN AGREEMENT. BAREILLES ALSO SAID HE HAD TALKED WITH CREUSOT-LOIRE EXECUTIVES IN PARIS RECENTLY AND HE HAD IMPRESSION THEY HAD NO CONCEPTION OF WHAT THEY HAD LET THEMSELVES IN FOR IN IRAQ.

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